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SUBJECT: MEDIA REACTION: CROSS-STRAIT RELATIONS, U.S.-TAIWAN  
RELATIONS

¶1. Summary: As Taiwan's major Chinese-language dailies continued to focus their coverage January 17 on the scandal-ridden Rebar Asia Pacific Group, of which the chairman and his wife have fled to the United States, news coverage also centered on the KMT's timetable for primaries for the 2008 presidential and 2007 legislative elections. The pro-independence "Liberty Times," Taiwan's largest-circulation daily, ran a news story on page three that read "[Rebar's] Wang You-theng and his Wife Flee and Stay in the United States; Taiwan Decides to Pursue the Case Overseas." The pro-unification "United Daily News," on the other hand, ran a banner headline on page two that said "Ma to Decide by March Whether to Run for the Presidency."

¶2. In terms of editorials and commentaries, a "United Daily News" editorial discussed the relevance of the Second East Asian Summit, which was held in Cebu Monday, to the Formosa Plastics Group's "Mega Ethylene Complex" project. The article said the East Asian Summit will only marginalize Taiwan further and thus make it more difficult for Taiwan businesses to "leave their roots in Taiwan." An op-ed piece in the limited-circulation, pro-independence, English-language "Taipei Times," on the other hand, discussed the U.S.-Taiwan relations. The article urged Washington to pay close attention to how the KMT and the DPP will do when preparing themselves for the legislative elections in 2007 and the presidential election in 2008.

End summary.

### ¶3. Cross-Strait Relations

"What Does the East Asian Summit Have to Do with Y.C. Wang [i.e. founder of Formosa Plastics Group]?"

The pro-unification "United Daily News" [circulation: 400,000] editorialized (1/17):

"The following two pieces of news seemed totally irrelevant to each other, but in reality, they echoed each in the chain of cause and effect: One was the second 'ten plus six' East Asian Summit held in the Philippines; and the other was about the remarks by Zhang Xiaqiang, a Chinese official, that the 'Mega Ethylene Complex Project' proposed by the Formosa Plastics Group (FPG) will 'likely' get a green light from China. ... If one juxtaposes these two pieces of news, one can tell from the East Asian Summit that Taiwan will move a step closer to being marginalized; and from the FPG's 'Mega Ethylene Complex Project,' one can tell that Taiwan's businesses are still awaiting the possibility to 'leave their roots in Taiwan.' ...

"... In fact, the key crisis for Taiwan's politics and economics is not about whether [Taiwan businesses] will 'leave their roots in Taiwan,' as Taiwan is neither able to retain its resources nor able to usher in international resources. ... Changes in the international situation, such as the 'ten plus' [East Asian Summit]

will only make Taiwan more marginalized and further deteriorate the condition for Taiwan businesses to 'leave their roots in Taiwan.' The question that follows is: Will Taiwan's economic dependence on China drop or rise after Taiwan becomes further marginalized? The answer is: it will definitely rise, because without China, Taiwan will find itself locked in a cul-de-sac. ...

"[The government's] cross-Straight policy over the past decade has been built on the ideology of [the DPP's] 'pro-independence platform' and the theory that 'China will go downhill.' But a look at China's performance in the 'ten plus' summit alone will clearly indicate that China is embracing a broadening future while Taiwan is facing a narrowing path ahead. The earth will not stop revolving just for Taiwan. The development of the 'one plus' summit will not be restrained by [the DPP's] 'pro-independence platform,' and it even runs counter to the theory of 'China going downhill.' As Taiwan gets more tilted toward mainland China, the situation will become more unfavorable for [Taiwan businesses] to 'leave their roots in Taiwan.' ..."

#### 14. U.S.-Taiwan Relations

##### "The US Should Pay Close Attention"

Nat Bollocchi, former AIT chairman and now a special adviser to the Liberty Times Group, opined in the pro-independence, English-language "Taipei Times" [circulation: 30,000] (1/17):

"... Regarding security issues, the DPP leadership has not been able to establish sufficient influence to steer military defense policies in the direction it desires and gain the support of the public on security matters. The KMT, on the other hand has deliberately weakened Taiwan's defense to gain political power and establish its own relationship with China. The US must consider the differences between the two sides and the relationship not only with Taiwan but also with China. In addition, the US must think about the long-term RELATIONS

effects of its policies. One example is US efforts to encourage Taiwan to increase its economic ties with China, while at the same time pressing Taiwan to increase its purchases of military arms and technology from the US. ..."

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